

## LAO Proposal for Economic Impact Aid (EIA)

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June 1, 2006



***LAO Compromise: Increase Funding By Additional \$50 Million for Total of \$350 Million Above Governor.*** Both the Assembly and Senate proposed an additional \$300 million above the Governor. We recommend increasing this by an additional \$50 million for a total of \$350 million above the Governor. This would bring total funding for the program to around \$1 billion.

- **Funding for Equalization.** Provide funds to fully equalize EIA per-pupil rates across districts, using the 90th percentile as a target (roughly \$175 million).
- **Funding to Expand Program.** Distribute remainder of new funding equally to all districts based on EIA student counts (roughly \$175 million).
- **Encompass Goals of Various Other Proposals.** Provide funding for professional development for teachers of EL students and resources to recruit teachers for needy students.



***Revise Formula.*** Existing formula for distributing EIA funds is outdated, unpredictable, and based on a data source that is no longer available. The LAO proposal for a new formula would address these issues and encompass the following:

- New measure of economic disadvantage (Title I) and change in weights.
- Provide minimum grants (for districts with fewer than 30 EIA students) and concentration weights (with districts with high proportions of EIA students).
- Hold districts harmless for per-pupil amounts.



***Increase Flexibility for Use of Funds.*** Allow districts to use up to 20 percent of EIA funding for activities that expand the base program for needy students, including class size reduction and improving teacher quality.